

EYERLY-BALL COMMUNITY MENTAL  
HEALTH SERVICES, THE WESTMINSTER GROUP,  
AND GOLDEN CIRCLE BEHAVIORAL HEALTH, L.C.

COMBINED FINANCIAL REPORT  
JUNE 30, 2010

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EYERLY-BALL COMMUNITY MENTAL  
HEALTH SERVICES, THE WESTMINSTER GROUP,  
AND GOLDEN CIRCLE BEHAVIORAL HEALTH, L.C.

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JUNE 30, 2010

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ANDERSON, LARKIN & CO. P.C.  
Certified Public Accountants  
*"Achieving your goals with our knowledge."*

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C. Kenneth Anderson, CPA (1952-1977)  
Joseph C. Larkin, CPA (1960-1990)

### INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Eyerly-Ball  
Community Mental Health Services, and  
The Westminster Group  
Des Moines, Iowa

We have audited the accompanying combined statement of financial position of Eyerly-Ball Community Mental Health Services and The Westminster Group, and their subsidiary, Golden Circle Behavioral Health, L.C. as of June 30, 2010, and the related combined statements of activities, functional expenses and cash flows for the year then ended. These combined financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these combined financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall combined financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Eyerly-Ball Community Mental Health Services, The Westminster Group, and their subsidiary, Golden Circle Behavioral Health, L.C. as of June 30, 2010, and the changes in their net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the combined financial statements referred to in the first paragraph taken as a whole. The accompanying information on pages 16 to 24 is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information has been subjected to the auditing procedures applied in the audit of the combined financial statements referred to above; and, in our opinion, is fairly stated in all material respects in relation to the combined financial statements taken as a whole.

ANDERSON, LARKIN & CO. P.C.

Ottumwa, Iowa  
November 30, 2010

*Anderson, Larkin & Co. P.C.*

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## FINANCIAL STATEMENTS

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EYERLY-BALL COMMUNITY MENTAL  
HEALTH SERVICES, THE WESTMINSTER GROUP, AND GOLDEN CIRCLE BEHAVIORAL HEALTH, L.C.

COMBINED STATEMENT OF FINANCIAL POSITION  
FOR THE YEAR ENDED JUNE 30, 2010

ASSETS

CURRENT ASSETS:

Cash	\$ 465,537
Accounts receivables, less allowance for doubtful accounts of \$76,682:	
Government	986,843
Clients and third party providers	351,888
Other	20,655
Cost settlement	48,939
Prepaid expenses	33,358
Total current assets	<u>1,907,220</u>

NON-CURRENT ASSETS:

Funded reserves:	
Reserve for replacements	61,304
Residual receipts	17,869
Tenant security deposits	2,926
Rent deposit	9,960
Property and equipment (net of accumulated depreciation)	1,620,109
Investment in Greater Des Moines Community Foundation	13,201
Total non-current assets	<u>1,725,369</u>

TOTAL ASSETS      \$ 3,632,589

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable:	
Trade	\$ 283,171
Goodwill Industries of Central Iowa	66,053
Polk County	190,538
Other	35,746
Consultec overpayment payable	9,115
PCHS payable	5,063
Deferred revenue	357,430
Accrued incentives	55,999
Accrued payroll	226,013
Accrued vacation	196,866
Accrued payroll taxes	18,533
Accrued interest payable	6,861
Line of credit	150,000
Lead Agency Reserve Account	148,295
Tenant security deposits held in trust	7,926
Current portion of capital leases, loans and mortgages payable	63,085
Total current liabilities	<u>1,820,694</u>

LONG-TERM LIABILITIES:

Capital leases, loans and mortgages payable - Less current portion	1,488,508
Minority interest in subsidiary's equity	118,329
Total long-term liabilities	<u>1,606,837</u>

TOTAL LIABILITIES      3,427,531

NET ASSETS:

Unrestricted	179,679
Temporarily restricted	25,379

TOTAL NET ASSETS      205,058

TOTAL LIABILITIES AND NET ASSETS      \$ 3,632,589

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EYERLY-BALL COMMUNITY MENTAL  
HEALTH SERVICES, THE WESTMINSTER GROUP, AND GOLDEN CIRCLE BEHAVIORAL HEALTH, L.C.

COMBINED STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>PUBLIC SUPPORT, REVENUE AND OTHER SUPPORT:</u>			
Public support:			
Received directly:			
Contributions	\$ 42,501	\$ -	\$ 42,501
 Fees and grants from governmental agencies	 5,288,451	 -	 5,288,451
 Revenue:			
Private patient and client participation	2,942,282	-	2,942,282
Rental income	73,578	-	73,578
Support service fee	142,505	-	142,505
Investment income	3,483	-	3,483
Management fees	10,325	-	10,325
Miscellaneous	32,411	-	32,411
	<u>3,204,584</u>	<u>-</u>	<u>3,204,584</u>
 TOTAL PUBLIC SUPPORT, REVENUE AND OTHER SUPPORT	 <u>8,535,536</u>	 <u>-</u>	 <u>8,535,536</u>
<u>EXPENSES AND OTHER REDUCTIONS :</u>			
Program services	7,777,386	-	7,777,386
Supporting services	750,112	-	750,112
Total expenses	8,527,498	-	8,527,498
Minority interest in subsidiary's earnings	26,607	-	26,607
 TOTAL EXPENSES AND OTHER REDUCTIONS	 <u>8,554,105</u>	 <u>-</u>	 <u>8,554,105</u>
 CHANGE IN NET ASSETS	 (18,569)	 -	 (18,569)
 <u>NET ASSETS</u> - Beginning of year	 <u>198,248</u>	 <u>25,379</u>	 <u>223,627</u>
 <u>NET ASSETS</u> - End of year	 <u>\$ 179,679</u>	 <u>\$ 25,379</u>	 <u>\$ 205,058</u>

EYERLY-BALL COMMUNITY MENTAL  
HEALTH SERVICES, THE WESTMINSTER GROUP, AND GOLDEN CIRCLE BEHAVIORAL HEALTH, L.C.

COMBINED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2010

	Program Services				
	Community Support Programs	Elderly Outreach Programs	Clinical and Psychiatric Services	Residential Care Facilities	Case Management
Salaries	\$ 504,066	\$ 147,410	\$ 1,241,765	\$ 790,518	\$ 591,379
Employee benefits	52,835	10,857	83,269	64,470	46,499
Payroll taxes	60,679	13,888	111,663	73,006	52,766
Total salaries and related expenses	617,580	172,155	1,436,697	927,994	690,644
Contract services	-	-	-	-	280,698
Utilities	2,954	588	15,001	29,344	-
Rent	-	-	-	-	-
Occupancy - Maintenance	15,586	1,233	28,143	699	-
Professional fees	124,753	5,832	68,442	51,085	-
Food	-	-	-	42,995	-
Office supplies	25,500	554	19,028	14,396	3,852
Equipment repairs and maintenance	11,898	1,746	42,060	-	1,246
Recreation and crafts	-	-	-	10,412	-
Household supplies	-	-	-	16,487	-
Telephone	9,825	2,072	19,891	20,448	3,531
Postage	790	482	1,562	404	-
Taxes and insurance	7,675	3,545	11,257	33,924	-
Transportation	32,945	8,045	13,754	10,530	25,942
Conferences and training	6,301	1,139	16,580	2,515	1,084
Advertising	4,798	5,026	3,395	-	-
Printing	5,208	1,179	4,267	334	325
Licenses	-	-	-	543	-
Miscellaneous	314	-	341	713	116
Subscription and dues	1,401	4	64	448	-
Payroll service	1,307	-	-	1,656	-
Medical supplies	-	-	-	2,487	5
Computer and technical support	14,234	-	-	27	-
Opportunity Center	-	-	-	-	-
Assistance to individuals	-	-	-	-	24,369
Bad debts expense	45,057	-	196,445	15,644	5,246
Total expenses before depreciation, amortization and interest	928,126	203,600	1,876,927	1,183,085	1,037,058
Depreciation and amortization	15,597	596	13,816	42,478	62
Interest expense	3,926	474	1,572	75,874	-
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 947,649</b>	<b>\$ 204,670</b>	<b>\$ 1,892,315</b>	<b>\$ 1,301,437</b>	<b>\$ 1,037,120</b>

<u>Integrated Service Project</u>	<u>Assertive Community Treatment</u>	<u>Mobile Crisis Response Program</u>	<u>Total</u>	<u>Supporting Services Management and General</u>	<u>Total</u>
\$ 418,259	\$ 484,383	\$ 358,965	\$ 4,536,745	\$ 381,810	\$ 4,918,555
46,010	42,301	13,051	359,292	30,245	389,537
<u>36,298</u>	<u>43,698</u>	<u>33,970</u>	<u>425,968</u>	<u>38,130</u>	<u>464,098</u>
500,567	570,382	405,986	5,322,005	450,185	5,772,190
21,066	128,879	-	430,643	-	430,643
-	-	640	48,527	7,116	55,643
-	-	-	-	45,961	45,961
914	-	938	47,513	37,157	84,670
42,371	7,696	11,581	311,760	32,132	343,892
-	-	-	42,995	-	42,995
31,261	18,323	1,086	114,000	19,513	133,513
20,957	11,296	2,132	91,335	21,384	112,719
-	-	-	10,412	-	10,412
-	-	-	16,487	-	16,487
10,423	12,629	4,315	83,134	21,382	104,516
-	-	501	3,739	4,617	8,356
10,844	675	5,995	73,915	27,252	101,167
34,247	59,093	5,992	190,548	2,290	192,838
2,133	2,892	1,969	34,613	4,983	39,596
250	217	2,136	15,822	5,802	21,624
234	382	1,109	13,038	4,437	17,475
-	-	-	543	-	543
140	101	-	1,725	28,690	30,415
-	-	4	1,921	2,625	4,546
-	-	-	2,963	2,893	5,856
60,103	180	-	62,775	27	62,802
-	-	-	14,261	-	14,261
-	-	-	-	15,910	15,910
324,359	36,783	-	385,511	-	385,511
<u>-</u>	<u>4,482</u>	<u>107</u>	<u>266,981</u>	<u>4,013</u>	<u>270,994</u>
1,059,869	854,010	444,488	7,587,166	738,369	8,325,535
22,852	6,316	6,142	107,859	8,924	116,783
<u>-</u>	<u>-</u>	<u>515</u>	<u>82,361</u>	<u>2,819</u>	<u>85,180</u>
\$ <u>1,082,721</u>	\$ <u>860,326</u>	\$ <u>451,145</u>	\$ <u>7,777,386</u>	\$ <u>750,112</u>	\$ <u>8,527,498</u>



EYERLY-BALL COMMUNITY MENTAL  
HEALTH SERVICES, THE WESTMINSTER GROUP, AND GOLDEN CIRCLE BEHAVIORAL HEALTH, L.C.

COMBINED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2010

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ (18,569)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	116,782
Deferred bond financing charges amortization	1,932
Minority Interest In subsidiaries earnings	26,607
Change in assets and liabilities:	
Increase in accounts receivable	(183,180)
Increase in prepaid expenses	(6,047)
Decrease in deposits	3,857
Increase in accounts payable	165,056
Decrease in accrued interest payable	(144)
Decrease in deferred revenue	(48,620)
Increase in deposits and cash advances	1,000
Increase in accrued incentives	12,651
Increase in accrued payroll	2,183
Increase in accrued vacation	17,756
Increase in accrued payroll taxes	706
Increase In Lead Agency Reserve Account	14,071
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>106,041</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Deposits to replacement reserve and Interest retained in account	3,285
Withdrawals from replacement reserve	(44)
Purchase of property and equipment	(207,049)
Investment in Greater Des Moines Community Foundation	(1,395)
NET CASH USED BY INVESTING ACTIVITIES	<u>(205,203)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Proceeds from lines of credit	490,000
Payments on line of credit	(460,000)
Proceeds from note payable	(30,485)
Mortgage principal payments	(11,328)
Payments on capital lease	(18,757)
NET CASH PROVIDED USED BY FINANCING ACTIVITIES	<u>(30,570)</u>
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NET DECREASE IN CASH AND CASH EQUIVALENTS	(129,732)

CASH AND CASH EQUIVALENTS - Beginning of year 595,269

CASH AND CASH EQUIVALENTS - End of year \$ 465,537

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

Cash payments for interest	\$ 117,857
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EYERLY-BALL COMMUNITY MENTAL  
HEALTH SERVICES, THE WESTMINSTER GROUP,  
AND GOLDEN CIRCLE BEHAVIORAL HEALTH, L.C.

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Principles of Combination

The combined financial statements include the accounts of Eyerly-Ball Community Mental Health Services; W.H. II, LTD., and W.H. III, Inc. (The Westminster Group). These three entities established an alliance with a common board of directors and a common management team. Eyerly-Ball Community Mental Health Services provides program services primarily to clients on behalf of Polk County, and is a two-thirds owner of Golden Circle Behavioral Health, L.C. Therefore, as a majority-owned subsidiary, the accounts of Golden Circle Behavioral Health, L.C. have also been included in the combination. All material inter-organization transactions have been eliminated in this combination.

Eyerly-Ball Community Mental Health Services

Eyerly-Ball Community Mental Health Services was organized in February 1969 as a private, nonprofit organization representing the disciplines of psychiatry, clinical psychology, social work, and related mental health professions. The purpose of the Organization is to provide and coordinate services for the elderly, mentally ill, or otherwise disadvantaged individuals, through psychotherapeutic treatment, community consultation, and education programs.

The Westminster Group

W.H. II, LTD. and W.H. III, Inc.

W.H. II, LTD. and W.H. III, Inc. are corporations formed in Des Moines, Iowa, in August 1983 under the Iowa Nonprofit Corporation Act. The purpose of these corporations is to operate apartment complexes of 15 units each, under Section 202 of the National Housing Act. Such projects are regulated by the U.S. Department of Housing and Urban Development (HUD) with respect to rent charges and operating methods. Their expenses are included in the Residential Care Facilities program.

Golden Circle Behavioral Health, L.C.

Golden Circle Behavioral Health, L.C. (a limited liability company) was formed in 1995 as a joint effort of Iowa Health Systems, Westminster House, Inc., Eyerly-Ball Community Mental Health Services, Des Moines Child and Adolescent Guidance Center, Orchard Place, and Goodwill Industries of Central Iowa under the laws of the State of Iowa. Golden Circle Behavioral Health, L.C. serves individuals in central Iowa with serious and persistent mental illness, and individuals with mental retardation/developmental disabilities.

During October 2001, Iowa Health Systems, Des Moines Child and Adolescent Guidance Center, and Orchard Place withdrew as members of the Organization. Accordingly, Golden Circle Behavioral Health, L.C. is now a majority-owned subsidiary controlled by Eyerly-Ball Community Mental Health Services.

Programs

The Organization's major programs are as follows:

Community Support Programs - where a mutually agreed upon individual service plan is developed and implemented to increase the client's level of functioning and promote the enhancement of independent living skills.

Elderly Outreach Programs - where licensed professionals provide therapy to individuals age 60 or older in their homes, as well as providing case management assistance to enable the individuals to live independently rather than in a more restricted or higher level of care setting.

Clinical and Psychiatric Services - provides psychotherapy to individuals, groups, and families to alleviate symptoms, change or modify behavior, and increase their level of functioning as well as providing medical services by a licensed physician with a specialty in psychiatry, such as medication evaluation

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EYERLY-BALL COMMUNITY MENTAL  
HEALTH SERVICES, THE WESTMINSTER GROUP,  
AND GOLDEN CIRCLE BEHAVIORAL HEALTH, L.C.

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Clinical and Psychiatric Services (Continued)

and management, and psychiatric evaluations. Also included are services of an ARNP (nurse practitioner) who serves as a liaison to a variety of individuals and programs and coordinates treatment with clinical staff, outside service providers, and families.

Residential Care Facilities - provides supervision and services to mentally challenged individuals in a group home type setting located in the HUD complexes.

Case Management - provides service coordination with the goal of enhancing the client's functioning in vocational, psychological, and social areas.

Integrated Service Project - assists consumers in gaining access to appropriate living environments, psychiatric services, and interrelated social, vocational, and education services.

Assertive Community Treatment - provides comprehensive psychiatric outpatient services delivered in the community, and directed toward the rehabilitation of behavioral/social/emotional deficits and the improvement of symptoms of a mental disorder. These services are directed to patients with severe and persistent mental disorders, which require multiple mental health and support services to maintain the consumer in the community.

Mobile Crisis Response Program - consists of a mobile mental health team that is dispatched at the request of law enforcement to do on-site assessments of individuals when the offense is superseded by mental health issues.

Other Programs - generally provide some combination of the above services to a specifically targeted population either on a fee-for-service or grant basis.

Summary of Organization's Significant Accounting Policies

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards Codification (ASC) 958-205-45-4, Financial Statements of Not-for-Profit Organizations. Under FASB ASC 958-205-45-4, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. At June 30, 2010, the Organization had no permanently restricted net assets.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable

The Organization grants credit to customers, most of whom are located in the Central Iowa area, and to various governmental entities. Accounts receivable are stated at the amount management expects to collect



EYERLY-BALL COMMUNITY MENTAL  
HEALTH SERVICES, THE WESTMINSTER GROUP,  
AND GOLDEN CIRCLE BEHAVIORAL HEALTH, L.C.

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Summary of Organization's Significant Accounting Policies (Continued)

Accounts Receivable (Continued)

from the outstanding balances. Accounts receivable are considered past due after 30 days and are charged off when management determines the account is uncollectible. The risk of loss on the accounts receivable is the balance owed at time of default.

W.H. II, LTD., W.H. III, Inc., and Golden Circle Behavioral Health, L.C., charge bad debts to operations in the year in which the account is determined uncollectible. If the reserve method of accounting for uncollectible accounts were used, it would not have a material effect on the financial statements. Eyerly-Ball Community Mental Health Services has provided an allowance for the year ended June 30, 2010, based on historical collection rates and management's estimate of the collectibility of accounts receivable.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

Advertising

Advertising costs are expensed as incurred. Advertising expense was \$21,624 for the year ended June 30, 2010.

Property and Equipment

Property and equipment is stated at cost. The Organization follows the policy of capitalizing all expenditures for property and equipment in excess of \$5,000. Depreciation is computed on a straight-line basis over the following estimated useful lives:

	<u>Years</u>
Land improvements	15
Buildings	7-39
Building improvements	15-31.5
Leasehold improvements	10
Vehicles	5
Furniture, fixtures and office equipment	3-7

Income Tax Status

W.H. II, LTD., W.H. III, Inc., and Eyerly-Ball Community Mental Health Services are all exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and a similar section of Iowa tax law, which provides tax exemption for corporations organized and operated exclusively for religious, charitable or educational purposes. The Organizations have also been classified as entities that are not private foundations.

The results of the operations of Golden Circle Behavioral Health, L.C. are included on the income tax returns of each member. Accordingly, no provision for income taxes is included in these combined financial statements.



EYERLY-BALL COMMUNITY MENTAL  
HEALTH SERVICES, THE WESTMINSTER GROUP,  
AND GOLDEN CIRCLE BEHAVIORAL HEALTH, L.C.

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Summary of Organization's Significant Accounting Policies (Continued)

Contributions

The Organization accounts for contributions in accordance with the recommendations of the Financial Accounting Standards Board in ASC 958-605-25-2 and 958-605-30-2, Accounting for Contributions Received and Contributions Made. In accordance with FASB, contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long the long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Deferred Revenues

Deferred revenues represent program revenues received in advance of when the services are provided, contract incentives deferred until expended for authorized purposes, or advances for program startup costs. Revenues are recognized in the period in which the services are provided or expenses incurred. In some cases, unspent amounts are subject to repayment to the funding source.

Donated Services

No amounts have been reflected in the statements for donated services because no objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated time to the Organization.

Functional Expense Allocation

Salary and related expenses were allocated on the basis of time spent for program and supporting services. Depreciation expense was allocated directly to programs when possible with the remaining balance assigned to management and general. The allocation of expenses other than salary and related expenses and depreciation shown on the statement of functional expenses was made by assignment of costs based on the allocation of space or the number of full-time equivalent employees.

Method of Reporting

Golden Circle Behavioral Health, L.C. has elected to present its financial statements in a nonprofit format, which more accurately reflects the nature of its activities. Accordingly, it is also presenting a statement of functional expenses in the accompanying combined financial statements.





EYERLY-BALL COMMUNITY MENTAL  
HEALTH SERVICES, THE WESTMINSTER GROUP,  
AND GOLDEN CIRCLE BEHAVIORAL HEALTH, L.C.

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Summary of Organization's Significant Accounting Policies (Continued)

Concentration of Credit Risk

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. At June 30, 2010, the Organization had no deposits in excess of federally insured limits.

Eyerly-Ball Community Mental Health Services and Golden Circle Behavioral Health, L.C., have receivables from governmental or other agencies and clients, which are subject to the possibility that a loss may occur from the failure of these parties to perform according to terms of the agreements from which the receivables arose. The amount of possible loss is equal to the balance of the receivable at the time of failure to perform. The Organizations do not require collateral or other security to support these financial instruments unless otherwise noted.

The HUD Projects' operations are concentrated in the real estate market and operate in a heavily regulated environment. The operations of the Projects are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to, HUD. Such administrative directives, rules and regulations are subject to change by an act of congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

Valuation of Investments

In determining fair value, the Organization uses various valuation approaches. ASC Topic 820, establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Organization. Unobservable inputs reflect the Organization's assumption about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 securities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The Organization only holds Level 2 securities.



EYERLY-BALL COMMUNITY MENTAL  
HEALTH SERVICES, THE WESTMINSTER GROUP,  
AND GOLDEN CIRCLE BEHAVIORAL HEALTH, L.C.

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 2 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30, 2010:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Land	\$ 291,577	\$ -	\$ -	\$ 291,577
Buildings and building improvements	2,569,727	23,078	-	2,592,805
Leasehold improvements	19,907	-	-	19,907
Vehicles	203,372	2,796	-	206,168
Furniture, fixtures and office equipment	<u>787,406</u>	<u>181,175</u>	-	<u>968,581</u>
	3,871,989	207,049	-	4,079,038
Less accumulated depreciation	<u>2,342,147</u>	<u>116,782</u>	-	<u>2,458,929</u>
	<u>\$ 1,529,842</u>	<u>\$ 90,267</u>	<u>\$ -</u>	<u>\$ 1,620,109</u>

NOTE 3 – NOTES PAYABLE AND MORTGAGE LOANS

Eyerly-Ball Community Mental Health Services has a line of credit with an area bank in the amount \$200,000. Amounts borrowed on this line bear interest at the prime rate. The current interest rate is 5.5% and the line expires March 1, 2011. The amount outstanding at June 30, 2010 on this line of credit was \$150,000.

W.H. II, LTD. and W.H. III, Inc. have the following notes payable outstanding at June 30, 2010:

Mortgage note payable insured by HUD, remaining balance due \$431,199 at June 30, 2010, payable in monthly installments of \$4,113, including interest at 9.25%, through May 2028. The apartment project is pledged as collateral for the note.

Mortgage note payable insured by HUD, remaining balance due \$380,319 at June 30, 2010, payable in monthly installments of \$3,785, including interest at 9.25%, through August 2026. The apartment project is pledged as collateral for the note.

Eyerly-Ball Community Mental Health Services had the following mortgage loan outstanding at June 30, 2010:

Mortgage loan payable, remaining balance due \$770,560 at June 30, 2010, payable in monthly installments of \$6,047, including interest at 4.0%, through August 31, 2014. The interest rate will be adjusted on August 31, 2014 and 2019, determined at 125 basis points over the U.S. Treasury CMT Rate, but not less than 4.00% nor exceeding 6.75%. This note is secured by a mortgage on property at 945 19<sup>th</sup> Street with a carrying value of \$846,723 and a mortgage on property at 1301 Center Street with a carrying value of \$129,460.

This agreement also places on the Organization certain financial requirements related to operations of the business.



EYERLY-BALL COMMUNITY MENTAL  
HEALTH SERVICES, THE WESTMINSTER GROUP,  
AND GOLDEN CIRCLE BEHAVIORAL HEALTH, L.C.

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 3 – NOTES PAYABLE AND MORTGAGE LOANS (Continued)

Future scheduled maturities of long-term debt are as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2011	\$ 63,085
2012	66,762
2013	70,812
2014	75,038
2015	79,613
Thereafter	<u>1,196,283</u>
	\$ <u>1,551,593</u>

NOTE 4 – DEFERRED FINANCE COSTS

Costs directly related to Eyerly-Ball Community Mental Health Services' August 31, 2004 debt refinancing totaling \$39,633 have been deferred and are included net of accumulated amortization of \$11,075 in long-term capital lease and mortgages payable on the accompanying Combined Statement of Financial Position. During the year ended June 30, 2010, \$1,932 in deferred finance charges were amortized and included in current year interest expense under the straight-line method. Deferred finance charges are shown net with proceeds from borrowings on the accompanying Combined Statement of Cash Flows.

NOTE 5 – HUD RESTRICTED DEPOSITS

Use of the residual receipts account is contingent upon HUD's written approval.

NOTE 6 – RENT INCREASES

Under the regulatory agreement, the W.H. II, LTD. and W.H. III, Inc. projects may not increase rents charged to tenants without HUD approval.

NOTE 7 - DISTRIBUTIONS

The Projects' regulatory agreements with HUD stipulate among other things, that the Projects will not make distributions of assets or income to any of its officers or directors.

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EYERLY-BALL COMMUNITY MENTAL  
HEALTH SERVICES, THE WESTMINSTER GROUP,  
AND GOLDEN CIRCLE BEHAVIORAL HEALTH, L.C.

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 8 – MAJOR REVENUE SOURCES

Polk County Health Services, Inc. and Magellan Behavioral Health are major funding sources of the Organization. Revenues and accounts receivable from Polk County Health Services, Inc. and Magellan Behavioral Health for the year ended June 30, 2010 were as follows:

Revenue:	
Polk County Health Services, Inc.	\$ 3,580,492
Percentage of total revenue	41%
Magellan Behavioral Health	\$ 1,031,979
Percentage of total revenue	12%
Accounts receivable:	
Polk County Health Services, Inc.	\$ 407,491
Magellan Behavioral Health	\$ 104,410

NOTE 9 – GOVERNMENT FEES AND GRANTS

Eyerly-Ball Community Mental Health Services, and Golden Circle Behavioral Health, L.C. have all entered into various agreements with Polk County Health Services, Inc. and various other governmental agencies to provide program services described in Note 1 to the combined financial statements.

All entities record revenue from government fees when the agencies are billed for services provided on a fee-for-service or per diem cost reimbursement basis.

NOTE 10 – REALTED PARTIES

Golden Circle Behavioral Health, L.C. conducts various transactions with Goodwill Industries of Central Iowa, a one-third equity member of Golden Circle Behavioral Health, L.C.

Some of the staff at Golden Circle Behavioral Health, L.C. are employees of Goodwill Industries of Central Iowa. Goodwill Industries of Central Iowa passes on expenses for payroll, employee benefits, management fees, and other miscellaneous expenses and Golden Circle Behavioral Health, L.C. reflects all expenses and accruals related to these transactions by natural classification in their financial statements.

Goodwill Industries of Central Iowa also provides subcontracted program services under contracts held by Golden Circle Behavioral Health, L.C. These amounts are shown as contract services in the statement of functional expenses.

A summary of these transactions for the year ended June 30, 2010 is as follows:

Payroll, related expenses and management fees	\$ 176,270
Subcontracted services	280,698
Payroll services for client wages	16,945
Accounts payable at June 30, 2009	66,053

NOTE 11 – RETIREMENT PLAN

Eyerly-Ball Community Mental Health Services maintains a retirement program qualified under Section 401(k) of the Internal Revenue Code covering all eligible employees. The program allows the Organization to make discretionary contributions to the program, subject to certain limitations. The contributions for the year ended June 30, 2010 totaled \$69,373.

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EYERLY-BALL COMMUNITY MENTAL  
HEALTH SERVICES, THE WESTMINSTER GROUP,  
AND GOLDEN CIRCLE BEHAVIORAL HEALTH, L.C.

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 12 – LEAD AGENCY RESERVE

This amount represents monies retained by Golden Circle Behavioral Health, L.C. relating to the Integrated Services Project (ISP) program's unexpended funds and unexpended ISP incentive payments in accordance with the Lead Agency Pilot Project Contract and Polk County Health Services, Inc.'s Operations Manual. These funds may be used by Golden Circle Behavioral Health, L.C. for the benefit of Lead Agency clients; however, upon termination of the contract, any unexpended balance must be returned to Polk County Health Services, Inc.

NOTE 13 – NET ASSETS

Net assets at June 30, 2010 include the following balances:

Temporarily restricted net assets:	
Specified consumer assistance	\$ 24,016
Snyder loan fund	<u>1,363</u>
	\$ <u>25,379</u>

NOTE 14 – FAIR VALUE MEASUREMENTS

<u>Fair Value Measurements Using</u>			
	<u>Cost</u>	<u>Fair Value</u>	Significant Other Observable Inputs (Level 2)
<u>June 30, 2009</u>			
Investment in Greater Des Moines Community Foundation	\$ <u>13,201</u>	\$ <u>13,201</u>	\$ <u>13,201</u>

ASC Topic 820, Fair Value Measurements, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, and Level 3 inputs have the lowest priority. The Plan uses appropriate valuation techniques based on the available inputs because they generally provide the most reliable evidence of fair value.

Level 2 Fair Value Measurements

The fair value of foundation funds is based on quoted values of the shares held by the Organization at year-end.

NOTE 15 – EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through November 30, 2010 the date which the financial statements were available to be issued.

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EVERLY-BALL COMMUNITY MENTAL  
HEALTH SERVICES, THE WESTMINSTER GROUP, AND GOLDEN CIRCLE BEHAVIORAL HEALTH, L.C.

SCHEDULE 1

COMBINING STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2010

ASSETS	Everly-Ball	Westminster Group	Golden Circle	Eliminations	Combined Totals
<b>CURRENT ASSETS:</b>					
Cash	\$ 250,160	\$ 8,969	\$ 206,408	\$ -	\$ 465,537
Accounts receivable, less allowance for doubtful accounts of \$76,682					
Government	793,016	-	193,827	-	986,842
Clients and third-party providers	247,478	-	104,410	-	351,888
Westminster House, Inc.	75,438	-	-	(75,438)	-
Everly-Ball Community Mental Health Services	-	-	423,182	(423,182)	-
Other	-	6,746	13,909	-	20,655
Cost settlement	48,939	-	-	-	48,939
Prepaid expenses	6,982	-	26,376	-	33,358
Total current assets	<u>1,422,013</u>	<u>15,715</u>	<u>968,112</u>	<u>(498,620)</u>	<u>1,907,220</u>
<b>NON-CURRENT ASSETS:</b>					
Funded reserves:					
Reserve for replacements	-	61,304	-	-	61,304
Residual receipts	-	17,869	-	-	17,869
Tenant security deposits	-	2,926	-	-	2,926
Investment in Golden Circle Behavioral Health, L.C.	234,876	-	-	(234,876)	-
Rent deposit	2,369	-	7,591	-	9,960
Property and equipment (net of accumulated depreciation)	1,119,483	397,152	103,474	-	1,620,109
Investment in Greater Des Moines Community Foundation	13,201	-	-	-	13,201
Total non-current assets	<u>1,369,729</u>	<u>479,251</u>	<u>111,065</u>	<u>(234,876)</u>	<u>1,725,369</u>
<b>TOTAL ASSETS</b>	<b>\$ 2,791,742</b>	<b>\$ 494,966</b>	<b>\$ 1,079,177</b>	<b>\$ (733,296)</b>	<b>\$ 3,632,589</b>
<b>LIABILITIES AND NET ASSETS</b>					
<b>CURRENT LIABILITIES:</b>					
Accounts payable:					
Trade	\$ 100,909	\$ 6,099	\$ 176,163	\$ -	\$ 283,171
Goodwill Industries of Central Iowa	-	-	66,053	-	66,053
Golden Circle Behavioral Health, L.C.	423,182	-	-	(423,182)	-
Everly-Ball Community Mental Health Services	-	75,438	-	(75,438)	-
Polk County	190,538	-	-	-	190,538
Other	35,746	-	-	-	35,746
Consulting overpayment payable	9,115	-	-	-	9,115
PCHS payable	-	-	5,063	-	5,063
Deferred revenue	224,500	-	132,930	-	357,430
Accrued incentives	20,943	-	35,056	-	55,999
Accrued payroll	142,878	-	83,135	-	226,013
Accrued vacation	126,213	-	70,653	-	196,866
Accrued payroll taxes	9,709	-	8,824	-	18,533
Accrued interest	605	6,256	-	-	6,861
Line of credit	150,000	-	-	-	150,000
Lead Agency Reserve Account	-	-	148,295	-	148,295
Tenant security deposits held in trust	5,000	2,926	-	-	7,926
Current portion of capital leases, loans and mortgages payable	42,518	20,567	-	-	63,085
Total current liabilities	<u>1,481,855</u>	<u>111,286</u>	<u>726,172</u>	<u>(498,620)</u>	<u>1,820,694</u>
<b>LONG-TERM LIABILITIES:</b>					
Capital leases, loans and mortgages payable - Less current portion	697,557	790,951	-	-	1,488,508
Minority interest in subsidiary's equity	-	-	-	118,329	118,329
Total long-term liabilities	<u>697,557</u>	<u>790,951</u>	<u>-</u>	<u>118,329</u>	<u>1,606,837</u>
<b>TOTAL LIABILITIES</b>	<b>2,179,413</b>	<b>902,237</b>	<b>726,172</b>	<b>(380,291)</b>	<b>3,427,531</b>
<b>NET ASSETS:</b>					
Unrestricted	586,950	(407,271)	353,005	(353,005)	179,679
Temporarily restricted	25,379	-	-	-	25,379
<b>TOTAL NET ASSETS</b>	<b>612,329</b>	<b>(407,271)</b>	<b>353,005</b>	<b>(353,005)</b>	<b>205,058</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 2,791,742</b>	<b>\$ 494,966</b>	<b>\$ 1,079,177</b>	<b>\$ (733,296)</b>	<b>\$ 3,632,589</b>

EYERLY-BALL COMMUNITY MENTAL  
HEALTH SERVICES, THE WESTMINSTER GROUP, AND GOLDEN CIRCLE BEHAVIORAL HEALTH, L.C.

COMBINING STATEMENTS OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2010

	Unrestricted			
	<u>Eyerly-Ball</u>	<u>Westminster Group</u>	<u>Golden Circle</u>	<u>Total Unrestricted</u>
<b><u>PUBLIC SUPPORT, REVENUE</u></b>				
<b><u>AND OTHER SUPPORT:</u></b>				
Public support:				
Received directly:				
Contributions	\$ 42,501	\$ -	\$ -	\$ 42,501
Fees and grants from governmental agencies	2,868,020	-	2,420,431	5,288,451
<b><u>Revenue:</u></b>				
Private patient and client participation	1,910,303	-	1,031,979	2,942,282
Rental income	9,384	64,194	-	73,578
Support service fees	-	142,505	-	142,505
Management Fees	10,325	-	-	10,325
Investment income	1,788	637	1,058	3,483
Equity in net income of limited liability company	-	-	-	-
Miscellaneous	53,295	-	-	53,295
	17,562	-	14,849	32,411
	<u>2,002,657</u>	<u>207,336</u>	<u>1,047,886</u>	<u>3,257,879</u>
<b>TOTAL PUBLIC SUPPORT, REVENUE AND OTHER SUPPORT</b>	<u>4,913,178</u>	<u>207,336</u>	<u>3,468,317</u>	<u>8,588,831</u>
<b><u>EXPENSES AND OTHER REDUCTIONS:</u></b>				
Program services	4,596,504	200,713	2,980,169	7,777,386
Supporting services	322,415	19,451	408,246	750,112
Total expenses	4,918,919	220,164	3,388,415	8,527,498
Minority interest in subsidiary's earnings	-	-	-	-
<b>TOTAL EXPENSES AND OTHER REDUCTIONS</b>	<u>4,918,919</u>	<u>220,164</u>	<u>3,388,415</u>	<u>8,527,498</u>
<b>CHANGE IN NET ASSETS</b>	(5,741)	(12,828)	79,902	61,333
<b><u>NET ASSETS - Beginning of year</u></b>	<u>592,691</u>	<u>(394,443)</u>	<u>273,103</u>	<u>471,351</u>
<b><u>NET ASSETS - End of year</u></b>	<u>\$ 586,950</u>	<u>\$ (407,271)</u>	<u>\$ 353,005</u>	<u>\$ 532,684</u>

SCHEDULE 2

<u>Everly-Ball</u>	<u>Temporarily Restricted</u>	<u>Total Temporarily Restricted</u>	<u>Eliminations</u>	<u>Combined Totals</u>
\$ -	\$ -	\$ -	\$ -	\$ 42,501
-	-	-	-	5,288,451
-	-	-	-	2,942,282
-	-	-	-	73,578
-	-	-	-	142,505
-	-	-	-	3,483
-	-	-	-	10,325
-	-	-	-	-
-	-	(53,295)	-	-
-	-	-	-	32,411
-	-	(53,295)	-	3,204,584
-	-	(53,295)	-	8,535,536
-	-	-	-	7,777,386
-	-	-	-	750,112
-	-	-	-	8,527,498
-	-	26,607	-	26,607
-	-	26,607	-	8,554,105
-	-	(79,902)	-	(18,569)
25,379	25,379	(273,103)	-	223,627
\$ 25,379	\$ 25,379	\$ (353,005)	\$ -	\$ 205,058

EYERLY-BALL COMMUNITY MENTAL  
HEALTH SERVICES, THE WESTMINSTER GROUP, AND GOLDEN CIRCLE BEHAVIORAL HEALTH, L.C.

COMBINING STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Community</u> <u>Support</u> <u>Eyerly-Ball</u>	<u>Elderly</u> <u>Outreach</u> <u>Eyerly-Ball</u>	<u>Clin &amp;</u> <u>Psych</u> <u>Eyerly-Ball</u>
Salaries	\$ 504,066	\$ 147,410	\$ 1,241,765
Employee benefits	52,835	10,857	83,269
Payroll taxes	60,679	13,888	111,663
Total salaries and related expenses	617,580	172,155	1,436,697
Contract services	-	-	-
Utilities	2,954	588	15,001
Rent	-	-	-
Occupancy	15,586	1,233	28,143
Professional fees	124,753	5,832	68,442
Food	-	-	-
Office supplies	25,500	554	19,028
Equipment repairs and maintenance	11,898	1,746	42,060
Recreation and crafts	-	-	-
Household supplies	-	-	-
Telephone	9,825	2,072	19,891
Postage	790	482	1,562
Insurance - General	7,675	3,545	11,257
Transportation	32,945	8,045	13,754
Conferences and training	6,301	1,139	16,580
Advertising	4,798	5,026	3,395
Printing	5,208	1,179	4,267
Licenses	-	-	-
Miscellaneous	314	-	341
Subscription and dues	1,401	4	64
Payroll service	1,307	-	-
Medical supplies	-	-	-
Computer support	14,234	-	-
Opportunity Center	-	-	-
Assistance to individuals	-	-	-
Bad debts expense	45,057	-	196,445
Total expenses before depreciation, amortization and interest	928,126	203,600	1,876,927
Depreciation and amortization	15,597	596	13,816
Interest expense	3,926	474	1,572
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 947,649</b>	<b>\$ 204,670</b>	<b>\$ 1,892,315</b>

SCHEDULE 3

<u>Residential Care Facilities WH II &amp; WH III</u>	<u>Case Management Golden Circle, L.C.</u>	<u>Integrated Service Project Golden Circle, L.C.</u>	<u>ACT Golden Circle, L.C.</u>	<u>Mobile Crisis Response Everly-Ball</u>	<u>Program Total</u>
\$ 790,518	\$ 591,379	\$ 418,259	\$ 484,383	\$ 358,965	\$ 4,536,745
64,471	46,499	46,010	42,301	13,051	359,294
73,006	52,766	36,298	43,698	33,970	425,968
927,995	690,644	500,567	570,383	405,986	5,322,007
-	280,698	21,066	128,879	-	430,643
29,344	-	-	-	640	48,527
-	-	-	-	-	-
699	-	914	-	938	47,513
51,085	-	42,371	7,696	11,581	311,760
42,995	-	-	-	-	42,995
14,396	3,852	31,261	18,323	1,086	114,000
-	1,246	20,957	11,296	2,132	91,336
10,412	-	-	-	-	10,412
16,487	-	-	-	-	16,487
20,448	3,531	10,423	12,629	4,315	83,134
404	-	-	-	501	3,739
33,924	-	10,844	675	5,995	73,915
10,530	25,942	34,247	59,093	5,992	190,548
2,515	1,084	2,133	2,892	1,969	34,613
-	-	250	217	2,136	15,822
334	325	234	382	1,109	13,039
543	-	-	-	-	543
713	116	140	101	-	1,726
448	-	-	-	4	1,921
1,656	-	-	-	-	2,963
2,487	5	60,103	180	-	62,775
27	-	-	-	-	14,261
-	-	-	-	-	-
-	24,369	324,359	36,783	-	385,511
15,644	5,246	-	4,482	104	266,978
1,183,086	1,037,058	1,059,869	854,012	444,488	7,587,166
42,478	62	22,852	6,316	6,142	107,859
75,874	-	-	-	515	82,361
\$ 1,301,438	\$ 1,037,120	\$ 1,082,721	\$ 860,328	\$ 451,145	\$

EYERLY-BALL COMMUNITY MENTAL  
HEALTH SERVICES, THE WESTMINSTER GROUP, AND GOLDEN CIRCLE BEHAVIORAL HEALTH, L.C.

COMBINING STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Supporting Services</u> <u>Management and General</u>			
	<u>Westminster</u> <u>House</u> <u>Group</u>	<u>Eyerly-Ball</u>	<u>Golden</u> <u>Circle, L.C.</u>	<u>Total</u>
Salaries	\$ -	\$ 138,841	\$ 242,969	\$ 381,810
Employee benefits	-	8,972	21,273	30,245
Payroll taxes	-	11,918	26,212	38,130
Total salaries and related expenses	-	159,731	290,454	450,185
Contract services	-	-	-	-
Utilities	-	7,116	-	7,116
Rent	-	45,961	-	45,961
Occupancy	10,324	26,595	238	37,157
Professional fees	8,200	9,309	14,623	32,132
Food	-	-	-	-
Office supplies	-	3,286	16,227	19,513
Equipment repairs and maintenance	-	12,039	9,345	21,384
Recreation and crafts	-	-	-	-
Household supplies	-	-	-	-
Telephone	-	4,073	17,309	21,382
Postage	-	263	4,354	4,617
Insurance - General	-	2,855	24,397	27,252
Transportation	-	2,021	270	2,291
Conferences and training	-	2,633	2,350	4,983
Advertising	-	1,535	4,267	5,802
Printing	-	862	3,575	4,437
Licenses	-	-	-	-
Miscellaneous	927	25,071	2,692	28,690
Subscription and dues	-	2,625	-	2,625
Payroll service	-	2,893	-	2,893
Medical supplies	-	-	27	27
Computer support	-	-	-	-
Opportunity Center	-	-	15,910	15,910
Assistance to individuals	-	-	-	-
Bad debts expense	-	4,013	-	4,013
Total expenses before depreciation, amortization and interest	19,451	312,881	406,037	738,369
Depreciation and amortization	-	6,715	2,209	8,924
Interest expense	-	2,819	-	2,819
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 19,451</b>	<b>\$ 322,415</b>	<b>\$ 408,246</b>	<b>\$ 750,112</b>



SCHEDULE 3 (Continued)

	<u>Total</u>
\$	4,918,555
	389,539
	<u>464,098</u>
	5,772,192
	430,643
	55,643
	45,961
	84,670
	343,891
	42,995
	133,513
	112,720
	10,412
	16,487
	104,516
	8,356
	101,167
	192,839
	39,595
	<u>21,624</u>
	17,476
	543
	30,416
	4,546
	5,856
	62,802
	14,261
	15,910
	385,511
	<u>270,991</u>
	8,325,536
	116,782
	<u>85,180</u>
\$	<u>8,527,498</u>

EVERLY-BALL COMMUNITY MENTAL  
HEALTH SERVICES, THE WESTMINSTER GROUP, AND GOLDEN CIRCLE BEHAVIORAL HEALTH, L.C.

COMBINING STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Everly-Ball</u>	<u>Westminster Group</u>	<u>Golden Circle</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>			
Change in net assets	\$ (5,741)	\$ (12,828)	\$ 79,902
Adjustments to reconcile change in net assets			
net cash provided (used) by operating activities:			
Depreciation and amortization	43,306	42,038	31,438
Deferred bond financing charges amortization	1,932	-	-
Equity in net (income) loss of limited liability company	(53,295)	-	-
Minority interest in subsidiary's earnings	-	-	-
Change in assets and liabilities:			
Increase in accounts receivable	(102,636)	(820)	(79,724)
Decrease (increase) in prepaid expenses	4,366	-	(10,413)
Decrease in deposits	3,857	-	-
Increase (decrease) in accounts payable	163,121	16,196	(14,261)
Decrease in accrued interest	-	(144)	-
Decrease in deferred revenue	-	-	(48,620)
Increase in deposits and cash advances	1,000	-	-
Increase (decrease) in accrued incentives	20,943	-	(8,292)
Increase (decrease) in accrued payroll	(4,253)	-	6,436
Increase in accrued vacation	14,287	-	3,469
Increase (decrease) in accrued payroll taxes	(1,059)	-	1,765
Increase in Lead Agency Reserve	-	-	14,071
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>85,828</u>	<u>44,442</u>	<u>(24,229)</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>			
Deposit to replacement reserve and interest retained in account	-	3,285	-
Withdrawals from replacement reserve	-	(44)	-
Purchase of property and equipment	(126,202)	(23,078)	(57,769)
Investment in Greater Des Moines Community Foundation	(1,395)	-	-
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(127,597)</u>	<u>(19,837)</u>	<u>(57,769)</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES:</u></b>			
Proceeds from line of credit	490,000	-	-
Payments on line of credit	(460,000)	-	-
Mortgage principal payments	(30,485)	-	-
Payments on capital leases	(11,328)	-	-
Payments on mortgage	-	(18,757)	-
NET CASH USED BY FINANCING ACTIVITIES	<u>(11,813)</u>	<u>(18,757)</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(53,582)	5,848	(81,998)
<b><u>CASH AND CASH EQUIVALENTS - Beginning of year</u></b>	<u>303,742</u>	<u>3,121</u>	<u>288,406</u>
<b><u>CASH AND CASH EQUIVALENTS - End of year</u></b>	<u>\$ 250,160</u>	<u>\$ 8,969</u>	<u>\$ 206,408</u>
<b><u>SUPPLEMENTAL INFORMATION:</u></b>			
Cash payment for interest	\$ 41,839	\$ 76,018	\$ -

SCHEDULE 4

<u>Eliminations</u>	<u>Combined Totals</u>
\$ (79,902)	\$ (18,569)
-	116,782
-	1,932
53,295	-
26,607	26,607
-	-
-	(183,180)
-	(6,047)
-	3,857
-	165,056
-	(144)
-	(48,620)
-	1,000
-	12,651
-	2,183
-	17,756
-	706
-	14,071
-	<u>106,041</u>
-	-
-	3,285
-	(44)
-	(207,049)
-	(1,395)
-	<u>(205,203)</u>
-	-
-	490,000
-	(460,000)
-	(30,485)
-	(11,328)
-	(18,757)
-	<u>(30,570)</u>
-	(129,732)
-	<u>595,269</u>
\$ -	\$ <u>465,537</u>
\$ -	\$ 117,857

